

**Response to questionnaire for:**

**Assessment of strategic plans and policy  
measures on Investment and Maintenance in  
Transport Infrastructure**

**Country:**

**Republic of Moldova**

## 1 INTRODUCTION

Republic of Moldova, except for a short border (from 500 to 800 m) on the River Danube, has land borders with Romania and Ukraine. State is at the crossroads of the former Soviet Union and Western countries: in terms of trade, language and culturally. Moldova is particularly important as the boundary between the European Union (EU) and Eastern Europe. TEN-T crosses Moldova from.

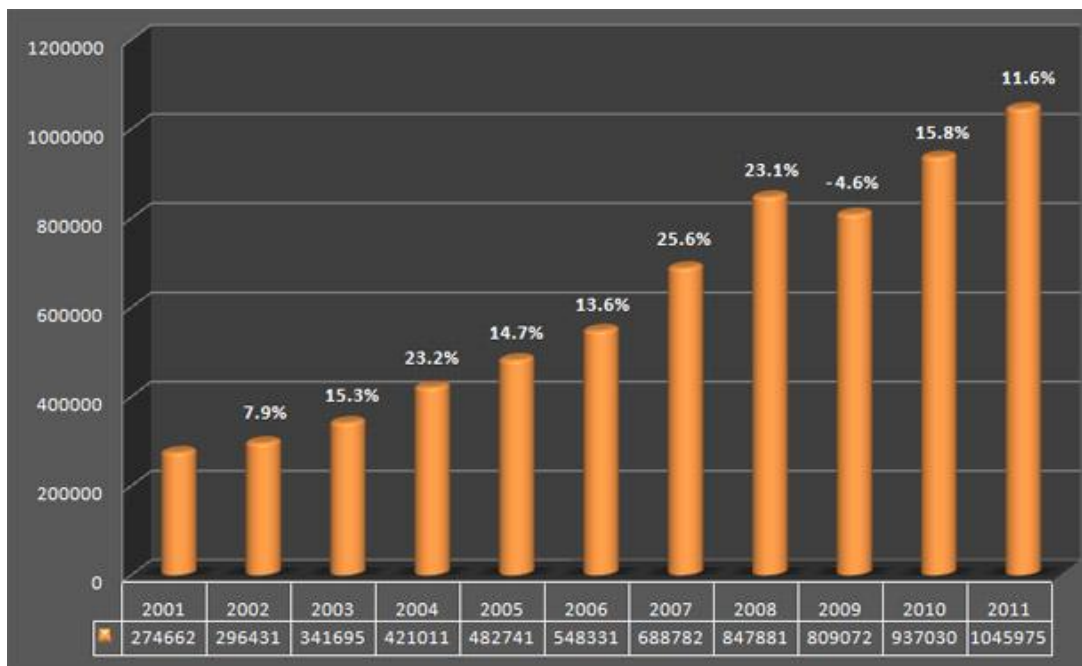
Moldova's economy is largely based on agriculture and manufacturing. Therefore, it is highly dependent on road and transport industry to work well.

### 1.1 Infrastructure

#### Air transport

Chisinau Airport is the main and the only airport of the Republic of Moldova operated by traditional regular passenger airlines. It is strategically located in the Republic of Moldova at the junction between the commercial roads of Asia and Europe and is directly accessible from all the regions of Moldova. In this framework Chisinau Airport represents the best possibilities of airport, airlines and air navigation service improvement, a facility to take a step toward what we, in Moldova, need to open new routes, and capacity and frequency.

The Chisinau International Airport terminal, built in the 1970<sup>th</sup> and upgraded in 2000, has a capacity of 1.2 mln passengers per year and 425 passengers per hour. The airport has one runway (3590 meters in length and 45 meters in width, with the appointed code 4 C).



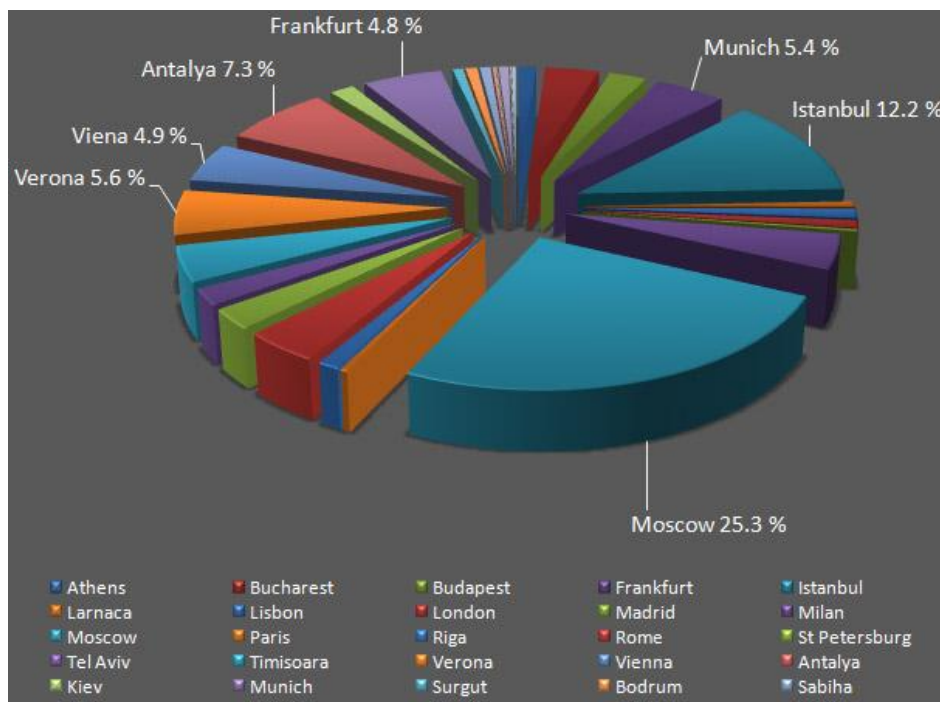
Chisinau International Airport is not very big, but it is developing organically. The retrospective analysis of Chisinau International Airport activity during 2011 year shows positive results and business performance. Chisinau Airport passenger traffic volumes

totalled 1045975 based on results of year 2011, which is 11.6% more compared to the previous year and is a record number in Airport's history. It is worth mentioning that the summer schedule of the 2012 is different from other years, the number of the weekly frequencies increased by 28 flights. Such new directions, like Milano Bergamo, Venice, and Dublin were launched. Concurrently, the airlines increase the frequency of the already existing flights.

In the year 2011, total aircraft movements were 15022, an increase of 9.2% over the 2010 year. Cargo traffic at the end of 2011 amounted to 2068 tons, respectively 13.88% more than in 2010. Mail traffic in 2011 amounted to 597 tons, with 2.23% more than previous year.

The maximum number of flights was operated on August 18 (60 flights). Peak passenger flow was also recorded on August 18 (4884 persons). Peak hours: 15:00 – 17:00 (760 passengers on departure / 527 passengers on arrival -18 August). The busiest days: Thursday/Friday.

The most popular destinations are Moscow – 25.3%, Istanbul – 12.2%, Antalya – 7.3%, Verona – 5.6%, Munich – 5.4% and Vienna – 4.9%.



There 17 airlines that are offering 25 different destinations for the passengers all over the world. 4 national and 11 foreign airlines are operating in Chisinau Intl Airport.

On March 5, 2012, Chisinau International Airport implemented the Integrated Management Security System, being certificated according to ISO 9001, ISO 14001, ISO/IEC 27001 and OHSAS 18001:2007 standards, accredited internationally to the quality management, environment, public health, occupational and information security. In the process of the European integration, the quality and the quality management are preferable topics. Chisinau Airport is one of the first companies on the aviation market of the Republic of Moldova, which received the ISO integrated management system. These certifications are convincing proof of the effective management, applied in the framework of the enterprise.

At the beginning of 2011, Chisinau Airport has been granted the Airport Carbon Accreditation. At the present moment, only 30 airports from the European Union

including the Airports in Budapest, Brussels, Zurich, Oslo, have received this certification. The provided status of the Chisinau International Airport is a standard of the European Union and becoming a carbon accredited airport at the ACI Europe (Airports Council International Europe) initiative with the certification status of "Control of carbon emissions," is a particularly important event. ACI EUROPE, based in Brussels, is the only professional council of airport operators, which represents 400 airports in 46 countries. It is worth noting that Chisinau International Airport is the first airport in Eastern Europe and the CIS countries, which has received the mentioned certificate. This outstanding event was also mentioned in the publications of the ACI Europe.

Customer service/passengers

Available facilities of the airport are:

- Short-term and long-term parking spaces
- Duty Free Shops
- Cafeterias
- Bars
- Travel Agency's representatives
- FREE Wi-Fi services
- Children Playground
- banks branches
- ATM
- Gifts Shop
- Car Rentals
- Taxi Service
- First Aid
- Baby/Parent Room
- CD/DVD shop
- Flower shop
- Mobile phone shop
- Non – Stop Call Center of the airport provides information about the flights and all kind of details on visa obtaining, custom duty clearance procedure, on the rules of luggage carriage.
- Non – Stop Hot Line – offers possibility to the passenger to leave the messages concerning the potential abuse of official capacity

For passengers with special requirements of convenience, discretion and time management, Official Delegation Hall, VIP Lounge and VIP Car services are offered.

During its work, Chisinau Airport makes sure that loyalty and respect are the key factors of success in cooperation with our passengers and airlines. This was due to the necessity of introducing a truly new range of quality services, so that they can feel the extra comfort and our hospitality. At the beginning of 2012, there were running the renovation and modernization of the VIP terminal, as well as in Chisinau Airport a new service is being rendered - Business Lounge for the business class passengers.

Another important achievement of the Airport was the implementation of the automated system of the voice announcements for the passengers about flights, in 14 languages: Turkish, Greek, Hungarian, Bulgarian, German, French, Portuguese, Spanish, Italian, Hebrew, Ukrainian, English, Latvian and Russian. Altogether, there were recorded about 600 voice messages. Thus, each passenger has the opportunity to hear information about the flight, not only in Romanian and English, but also in the official language, spoken in the city, where he is departing.

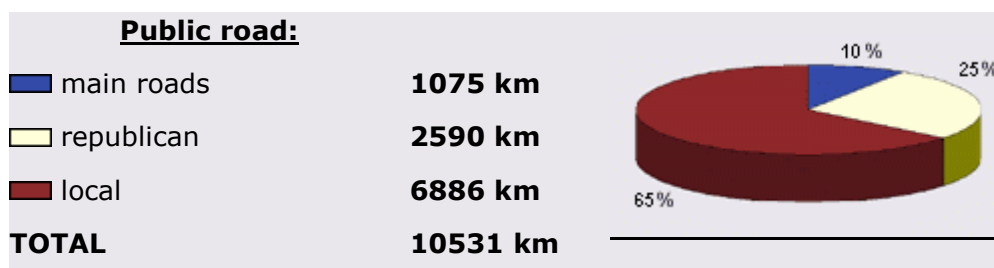
## **Road development**

Public road network in Moldova has a length of 10537km, 3670km – national roads, 6867km - local roads.

Unfortunately, currently manages the Ministry of 9344km of roads, highways and 6008km 3336km of local roads because the road is 1197km left side of the bank are managed by self-proclaimed government of Transnistria.

Of the 9344km of public roads, 5289km road clothing are permanent, transient and light clothing 3532km and 523km of earth roads.

### **Public road network**



## **Inland waterway transport**

Length of inland waterways of the Republic of Moldova are - 1236 km (inland waterways: rivers Nistru and Prut). Giurgiulesti Port Complex is composed of petroleum products terminal, grain terminal, container terminal, general cargo terminal and the port of goods and passengers. Ability to receive goods in port is up to 2 million tonnes per year.

## **Railway**

On 01.08.2012 the length of railway lines operating in Moldova is 1157 km, of which 1146 km are broad gauge - 1520mm and 11 km with European gauge - 1435mm. Railways of Moldova has no electrified lines, train traction is performed with diesel locomotives.

## **2 MAJOR PROJECTS AND FUNDING**

### **Air transport**

#### *Chisinau Airport Modernization Project II*

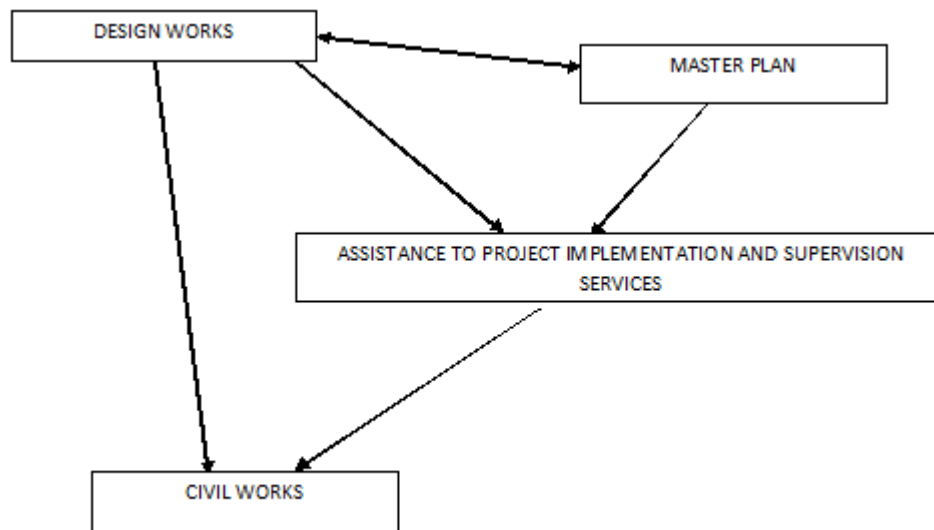
Anticipating the eventual financing, in 2008, at the European Bank for Reconstruction and Development (EBRD) request, the Dutch Company "Netherlands Airport Consultants, NACO B.V." carried out a feasibility study, and the British Company "AEA Energy & Environment" carried out an environmental audit.

All the expenses of EUR 241,000 were integrally borne by the financing banks and the grants which had been obtained by them.

The objective of the studies in question was to make an analysis of the Enterprise's technical, financial, economic and procurement situation for assessing the necessary investment programs.

In December 2008, the EBRD and the European Investment Bank (EIB) have signed with the Chisinau International Airport loan agreements with total amount of Euro 46,25 million.

*Modernization Project II Scheme*



In May 2010, the German Company „Hochtief AirPort GmbH“ submitted the Master Plan of the Airport development. The Master Plan was elaborated on the basis of a Grant Agreement between the SE “Chisinau International Airport” and the European Bank for Reconstruction and Development as Administrator of Grant Funds provided by the European Union under the Neighbourhood Investment Facility.

This Master Plan will serve as guidelines comprising detailed information about the direction, scope of work and stages to be followed in developing the main infrastructure of the Chisinau International Airport. The aforesaid document is being prepared in order to ensure a continuous and coherent performance of the Airport operations for twenty years ahead.

Assistance to project implementation and supervision services are performed by the “Ramboll Danmark A/S” company.

Taking into consideration the current trend of traffic increase, main components of Chisinau Airport Modernization Project are:

- ✦ reconstruction and extension of the airside facilities including:
  - runway
  - taxiways
  - apron
- ✦ refurbishment and modernisation of aviation ground lighting, including apron power supply and installation of stationary aerodrome power supply for aircraft; electrical equipment modernisation of the transforming stations and modernisation of drainage system
- ✦ procurement of aerodrome equipment
- ✦ extension and reconstruction of the existing passenger terminal or construction of a new passenger terminal.

## **Road development**

In order to achieve the provisions of Land Transport Infrastructure Strategy, in Moldova is implementing the National program for road rehabilitation. Up to now was rehabilitated 250 km of roads.

Ministry of Transport and Road Infrastructure has signed financing agreements with several foreign donors. Thus currently available 381 (of which 150 million grant) million Euro, including:

- 93 mlln Euro – EBRD,
- 91 mlln Euro – EIB,
- 46 mlln Euro – European Commission (Neighborhood Investment Fund),
- US Government – 100 mlln Euro,
- Chinese Government – 48 mlln Euro,
- Government of the Netherlands – 4 mlln Euro.

This will allow the rehabilitation of about 700 km of national roads.

Rehabilitation works are also from the state budget (8 million euros in 2010 and 6 million in 2011).

The Republic of Moldova is crossed by four European routes, two Pan-European Transport Corridors - Corridors IX and VII (the Danube river), TRACECA transport corridor route and Black Sea Ring Highway. Also Ministry presented proposals to European Commission to connect Republic of Moldova to the Central Transport Axis.

During 1998-2006 the funding in roads was less than 10%. That why was started an intensive process of degradation of roads. Improving the financial situation in the road sector occurred in 2010 after the amendment of Road Fund Law, No. 720 of 02.02.1996, which provide for allocation at least 50% of excise duties on petrol, diesel and LPG in 2010, 65% - in 2011 and 80% in 2012 and subsequent years. Thus the forecast for road fund accumulations for 2012 is 1024 million lei.

## **Railway**

- 1) Rehabilitation of railway network;
  - 2) electrification and construction of railroad to standard gauge line between Chisinau and Ungheni;
  - 3) Renovation of rolling stock fleet, primarily in advanced modernization of diesel trains engaged in local traffic;
- Rehabilitation, renovation and development need to attract funds from outside of the company;
- Maintenance works must be done by enterprise;
- Law no. 179 of 10.07.2008 "On public-private partnership";
- In 2011 was developed and implemented "business plan to optimize costs and achieving additional revenue of SE "Railway of Moldova".

## 3 STRATEGIC PLANS

### **Road development**

To ensure the efficient activity of the ministry in the field of road transport infrastructure, were established, by the Government of Republic of Moldova, policy priorities through approving the Land Transport Infrastructure Strategy for 2008-2017.

In this context, the Ministry of Transport and Road Infrastructure has the next priority policy:

1. Actions included in the Strategy:

- a) strengthening social cohesion through improving the mobility conditions for people and goods;
- b) improving the economic framework by facilitating the trade operations on domestic and international markets;
- c) Moldova's integration into the main international transport routes crossing Europe.

2. The main objective of the transport sector is to give an efficient system which would meet the mobility needs of citizens and facilitate the international trade and domestic markets, given the role that Moldova can play as a bridge between the EU and Commonwealth of Independent States (CIS).

### **Railway**

- Rail transport objectives are set out in the section F "Infrastructure and Transport" of the Government Action Plan for the years 2012-2015, approved by Government Decision No. 289 of 07.05.2012.
- For rail funding the biggest problem is the lack of its own resources of S.E. " Railway of Moldova", and of the country's national budget.

## 3.1 Long Term

### **Air transport**

Chisinau Airport long term investments plans are described in the Master Plan, which can be found at the following link: <http://www.airport.md/master-plan-en/>

### **Road development**

- a) improve the system maintenance, transition to maintenance work on contract, including the use of modern systems for assessing and optimizing technical road maintenance and repair priorities. It requires a new classification of the road network, which will delegate management responsibilities and resources for local roads to local authorities;
- b) examination of new investment in infrastructure, if the need and justification for these investments are shown by solid and thorough feasibility studies. New investments should not disable means to renovate and maintain existing infrastructure objects.

### **Railway**

Land Transport Infrastructure Strategy for 2008-2017, approved by Government Decision nr.85 from 01.02.2008.



## 3.2 Mid Term

### **Air transport**

In April 2011, Chisinau Airport with assistance of a local consultancy company, elaborated the Business Plan for the following 5 years. This Business Plan is composed of commercial and marketing plan, operational plan, financial plan and analysis and risks assessments.

### **Road**

*Short term objectives:*

- a) rehabilitation of existing road and rail infrastructure with creation of the acceptable conditions for traffic passengers and goods;
- b) institutional arrangements that provide a stable framework for rehabilitation and maintenance of the infrastructure.

*Medium-term objectives:*

- a) improving transport infrastructure procedures to achieve a maintenance and administration more efficient and sustainable;
- b) infrastructure development to improve the quality of the infrastructure and integration into the European transport network.

### **Railway**

Development programme of the S.E. „Railway of Moldova“ for 2011-2015, approved by the Council of Administration at 27.01.2011

## 4 ASSESSMENT METHODOLOGY

### **Air transport**

Before starting any investment project, Chisinau Airport is always analyzing possible project development. For example, as it was previously mentioned, before starting Modernization Project II, a feasibility study was carried out.

Feasibility study helped us to understand demand, assess resources, mark a timeline and to make a final decision regarding project viability.

### **Road**

In the base of the feasibility study for each project are decided investment projects, which are prepared in accordance with European requirements, by certified and specialized companies in the field.

The feasibility study takes into account current and projected traffic (volume and structure), geometric and current parameters of the road and engineers construction belonging to the road, geological, hydrological, structural circumstances, social and economic impact of the project implementation, cost estimation and economic evaluation of the project.

### **Railway**

At development of investment projects apply cost-benefit analysis.